

The Company intends to meet its investment objective through acquiring, owning, leasing ~~and~~, developing high quality and managing student residential accommodation in the UK across multiple formats, let on direct tenancy agreements to tenants enrolled with Higher Education Institutions ("HEIs") and on other longer term lease arrangements directly with HEIs or other entities, as appropriate for the type of accommodation format and location. The Company will invest in modern, ~~high end~~, student accommodation assets with a focus on quality, ~~and (as appropriate for the price point), and situated in prime locations~~, generally ~~located~~ in prime or around the city centre ~~locations and/or the local HEIs~~ in top university cities and towns. The Company is focused on investing in, and developing, ~~high quality self-contained~~ residential accommodation in locations where the Executive Directors believe attractive opportunities exist for the Company to exploit demand for student residential accommodation ~~at the higher end of the quality scale. To deliver the high quality and high end experience, the individual sizes of the assets are generally expected to be between 50 to 200 beds. In addition, each property will generally have:~~

- ~~studios and 1–3 bedroom apartments;~~
- ~~generous space per student bed;~~
- ~~all rooms with en-suite bathroom and kitchen facilities; and~~
- ~~communal facilities to typically include: a cinema room, study rooms, a gym and break-out areas.~~

The Company anticipates that rental income will be generated predominantly ~~be generated~~ from direct leases and/or licences to students (with the rent being inclusive of wifi/internet, all utilities, and access to on-site amenities). The Company may also ~~anticipates benefiting in some cases from ancillary commercial lease opportunities within student accommodation properties, including (but not limited to) retail outlets and mobile telephone transmission apparatus. The Company may in due course~~ derive rental income from agreements with students that are guaranteed by HEIs or where the rental income is paid directly with HEIs by HEIs (including via leases or "hard" nominations agreements). The Company may also enter into "soft" nominations agreements with HEIs (being marketing arrangements with HEIs to place their students in private accommodation). ~~The Company will target upper quartile rental values, primarily servicing postgraduate and international students. In addition, the Company anticipates benefiting in some cases from ancillary commercial lease opportunities within student accommodation properties, including (but not limited to) retail outlets and mobile telephone transmission apparatus.~~

The Group may acquire assets through acquisitions of the freehold or leasehold title of underlying property or through the acquisition of the subsidiary companies or other investment vehicles through which such properties are owned. The Company may acquire operating leases which are generally anticipated not to be shorter than 35 years in duration. The Company may also opportunistically acquire portfolios of student accommodation properties. Following such a transaction, individual properties within such a portfolio, which do not meet the Group's required standards or which cannot be cost effectively refurbished, may be sold.

The Company also intends to undertake limited development of new buildings or conversion of existing properties for student accommodation and related services ~~pursuant to the terms of the joint venture arrangement between~~ which may be undertaken by the Company ~~and Revcap, on its own or in conjunction~~ with ~~other a suitable~~ development ~~partners or solely, without a third party~~ partner. Save for ~~such any~~ development assets that may be held by the Group in 50/50 joint venture companies during the development phase of such projects, the Group intends to have sole freehold or leasehold ownership of all investments, either directly or indirectly.

~~The Company will also focus on the acquisition of properties where the student accommodation units benefit from "Multiple Dwelling Relief", reducing SDLT on the value of such student accommodation units from 4 per cent. to 1 per cent.~~

The Board intends to hold the Group's investments on a long term basis. The Group, however, may dispose of investments outside of this time frame, should an appropriate opportunity arise where, in the Board's opinion, the value that could be realised from such a disposal would represent a satisfactory return on the initial investment and/or otherwise enhance the value of the Group, taken as a whole. There is no limit on the number of investments which the Group may dispose of from the portfolio (subject always to maintaining compliance with the investment restrictions that form part of the investment policy).

INVESTMENT RESTRICTIONS

The Company will invest and manage its assets with the objective of spreading risk through the following investment restrictions:

- ~~the Company will generate its rental income from a portfolio of not less than five separate buildings (such minimum to exclude development and forward funded projects, and to count two or more buildings in close proximity or on the same campus as a single building);~~
- ~~the value of no single asset at the time of investment will represent more than 20 per cent. of the Gross Asset Value;~~
- ~~at least 90 per cent. by value of the properties directly or indirectly owned by the Company shall be in the form of freehold or long leasehold properties (with over 100 years remaining at the time of acquisition) or the equivalent;~~
- ~~the Company may commit up to a maximum of 15 per cent. of its Net Asset Value (measured at the commencement of the project) to expenditure in relation to development ~~or forward funded~~ projects (including conversion of buildings to student accommodation). All development ~~and forward funded~~ projects will be conducted in special purpose vehicles with no recourse to the other assets of the Group. This restriction will be calculated by reference to the equity requirement of all such projects in progress (i.e. up to practical completion) at the time of commitment, to include expenditure already made in such projects and the remaining budgeted expenditure (the "Development Limit"). For the purposes of the Development Limit, "equity requirement" shall mean the amount of equity or shareholder loans contributed and/or committed by the Company or any other Group entity to the relevant special purpose vehicle and shall exclude other sources of funds obtained by such special purpose vehicle;~~
- ~~the calculation of the Development Limit shall exclude from the numerator the acquisition cost of the relevant undeveloped land or property in use, or to be used, for development ~~or forward funded~~ projects, which shall be subject to a separate limit of 10 per cent. of Net Asset Value (measured at the time of investment);~~
- ~~for the avoidance of doubt, the calculation of the Development Limit shall also exclude from the numerator all investment and expenditure on the renovation, restoration, fit-out, internal reconfiguration, maintenance and engineering works and general up-keep of any existing and new student accommodation investments by the Group;~~
- for the avoidance of doubt, the Development Limit restriction does not apply to forward funded projects, being those projects where the Group typically acquires the site directly (conditional on receiving planning permission), and funds the development of the project in stages, with the actual development work undertaken by a third party developer, who arranges the planning applications and organises and manages the various building contractors;
- with respect to forward funded projects, the maximum exposure to any single developer will be limited to 20 per cent. of the Gross Asset Value (measured at the time of investment);
- ~~rent from ancillary commercial leases will be limited to 25 per cent. of total rent receipts of any single building and to 15 per cent. of the Group's total rent receipts;~~

- in each case where investment is via a joint venture arrangement, the relevant restriction will be calculated by reference to the Company's share of the relevant joint venture; and
- the Company will not invest in other closed-ended investment companies.

The Company will also seek to spread risk by seeking to achieve a diversified exposure to individual cities, towns and HEIs, though no quantitative limits are in place, due to the widely various demographics prevailing in different locations.

The Company will at all times invest and manage its assets in a way that is consistent with its objective of spreading investment risk and in accordance with its published investment policy and will not, at any time, conduct any trading activity which is significant in the context of the business of the Company as a whole.

The Directors currently intend, at all times, to conduct the affairs of the Group so as to enable it to qualify as a REIT for the purposes of Part 12 of the CTA 2010 (and the regulations made thereunder).

In the event of a breach of the investment policy and investment restrictions set out above, the Directors, upon becoming aware of such breach, will consider whether the breach is material, and if it is, notification will be made through a Regulatory Information Service.

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Document 2 ID	interwovenSite://worksite/Legal02/65887803/1
Description	#65887803v1<Legal02> - Amended investment policy
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